

SECRETARY OF DEFENSE WILLIAM J. PERRY  
REMARKS, WITH SENATOR WARNER, EN ROUTE TO BEIJING, CHINA, FROM KUWAIT CITY,  
KUWAIT  
OCTOBER 16, 1994

SECRETARY PERRY: Now we can take a few minutes to fill you in with why I am taking this trip and what I hope to achieve on this trip. I'll start off by observing that China is one of the most important countries in the world both in an economic and a military point of view. Therefore, I think it is very important for the United States to have a very good dialogue and very good channels of communication with the Chinese Government.

Specifically, I expect to re-establish communications with a number of officials in the Chinese Government and develop a dialogue with them on issues of importance to the Defense Department and to the U.S. Government. Specifically, while I am there I am going to be meeting -- let me just give you the names of the key people with the -- Military Commission Vice Chairman Liu Huaqing -- we'll spell these names out for you -- incidentally, he was my host during my first visit to China back in 1980. I'll be visiting, hosted by the Minister of National Defense Chi Haotian, will be meeting with Minister Ding Henggao, who will be the Co-Chairman of the Defense Conversion Committee, with the Vice Premier and Foreign Minister Qian Qichen, and with the Premier Li Peng. Finally, on the last day of the trip I will meet with President Jiang Zemin, with whom I have also met several times before.

Also, we will be giving a speech at their National Defense University, to 300 officers of the People's Liberation Army (PLA). To all of them, I will stress the military relationship as bounded by the political context which includes human rights, and the security problems caused by proliferation and damage of mutual security interests and bilateral relationships.

Now, specifically, the six areas that I will be discussing and trying to move the dialogue along in each of these six areas. The first of them is North Korea, one of the most important regional security problems; second is the Missile Technology Control Regime (MTCR) and missile proliferation; third is nuclear testing and the Non-Proliferation Treaty; fourth is getting more of what we call transparency in defense strategy, defense planning and defense spending; fifth, we will regard these discussions as one more channel for the discussion of human rights issues with China; and finally, sixth, we will be having the first meeting of the U.S.-China Defense Conversion Committee. So those are the six specific areas that I will be discussing.

Let me mention two areas where we are not having dialogue. One of them is military technology transfer and the other is arms sales. I mention those specifically because in my 1980 visit here those were explicit aspects of the discussion we had then. That

was a different time and a different geo-political relationship and that is not part of the agenda for this meeting.

Now for those opening comments, let me open for a few questions now.

Q. How do you hope, if you are discussing these fairly contentious issues, how do you hope to bring the relationship forward and improve the relationship and improve ties?

SECRETARY PERRY: I believe that open and frank discussion on these issues will be a benefit to both sides. I do not have specific goals or achievements I want to make into these areas - I just want to move the understanding and the dialogue along in each of those areas.

Q. The PLA has very great influence in the Polit-Bureau, doesn't it?

SECRETARY PERRY: The PLA has some influence in all six of these areas and great influence in some of them, that is right. They are a very important institution in the Chinese Government.

Q. You are going to be the Co-Chairman of this Defense Conversion Commission. Could you briefly explain how that is going to work and what sort of cooperation you foresee coming out of that and is there any possibility that some of the profits that factories in China develop out of their association for the United States indirectly subsidized their research and development in military technology?

SECRETARY PERRY: We have fairly modest objectives for the Defense Conversion Committee. We will be starting off slowly and carefully. We have identified two areas in which the conversion seems to be a mutual benefit. One of them is in the area of air traffic control. We expect also to be looking at possible cooperation in the area of electric automobiles. We will be exploring ways of having U.S. companies with commercial interests and commercial products forming business partnerships with Chinese companies for the purpose of developing and selling commercial products.

Q. With Chinese defense companies? Are you talking about Chinese defense companies?

SECRETARY PERRY: Yes. Chinese defense companies that are converting over to the production of products. I do not know quite how to answer Michael's question. Try it again.

Q. Well, I am not an expert on this, but there is an issue about which experts disagree which is the military and defense industries have gone into the commercial sector, some say to make money to engage in further commerce and others say that the profits they derive from these civilian enterprises or commercial enterprises

are pushed back into the military sector in some way and fund research and development on military technologies or arms purchases and things of that sort. To the extent that defense industries make money selling electric cars they could use them to some extent for military purposes. Some of the profits might be used to subsidize that. Does that happen and is that a .....?

SECRETARY PERRY: Let us take the area of electric cars for example. To the extent there is a successful partnership formed there, that is a bill.... which is going to require investment for many many years to come. It is not a cash producer, it is a cash absorber. It is also true in the area of air traffic control. It requires great investments. So I would see this as primarily an area developing products in the commercial area which are going to require investment.

Q. On the North Korean issue, what are you going to be specifically requesting of them or discussing with them? Secondly, I gather that there has been, we have not seen the reports, but some kind of, perhaps a breakthrough with North Korea and you just sort of summarize your discussions on that.

SECRETARY PERRY: I will, to the extent I am able to do so, I will share with them the results of the negotiations with the North Koreans. I mean subject approval by our negotiators and North Korean negotiators. There may be some areas there in which China can play a beneficial role. This is a very complicated agreement that is being made and very far reaching, what is going on. It deals with our working with the North Koreans for years and years to come.

I believe that we will find some aspects of that future program, working with the North Koreans, could be constructively picked up by the Chinese and so we will explore the possibility of the Chinese working in a cooperative way and whatever agreement is coming out. I do not see the discussion with the Chinese as asking them to put pressure on the North Koreans to agree to such and such, but rather, as participating and helping implement the agreements whenever they are finally reached. Now, this will be a very important week in that regard because it is entirely possible that we will have a framework agreement sometime this week and if that is the case, then it will be very fruitful to talk with the Chinese about assisting in the implementing of that agreement.

Q. There was a missile technology control agreement signed recently in Washington codifying the old MTCR guidelines. What explicitly do you hope to accomplish in the missile technology area? Where do you want to take -- how do you propose to improve on what was agreed the other week?

SECRETARY PERRY: What I plan to do primarily is extend the dialogue in that field to the people who were most responsible for running the missile program and the most responsible for implementing military technology. The discussions to date have

been primarily with foreign ministry people. I want to be sure that I have the full understanding of the people in the military and the people in the military industry on the implementation. So this will be mainly advocating and supporting the agreements already made, not trying to create new ones.

Q. What's the outlook on nuclear testing? Are you looking for any progress on that from this meeting? What's their general attitude at this stage?

SECRETARY PERRY: Their attitude has been that they are far behind the west in nuclear testing and they need to catch up with the west, and therefore, the moratorium which the western countries are going through should not apply to them. What I'd like to do is get that whole discussion in the context -- the NPT and of the test ban that is being proposed in '96 and see if we can get some strong commitments from the Chinese along those lines.

Q. Can I get one question from Senator Warner? I just like to ask, there's going to be a Senate delegation in this China visit, yourself and Senator Nunn, I guess. Is there a Senate perspective on U.S. China relations, vis-a-vis human rights and military affairs that you're going to be paying close attention to.

SENATOR WARNER: I'm going to be paying very close attention and I'll be in a position to relay to my colleagues in the Senate on a first hand basis the points that the Secretary has made. Particularly, his emphasis on opening up within the military side of China a dialogue comparable to that that has been opened up primarily in economic and foreign relations.

Q. Will you all be attending all of the meetings?

SENATOR WARNER: From my understanding, that's the Secretary's desire. Certainly, he has been including me as you well know at every step on this trip. This is a rather historic event for Senators to accompany a cabinet officer. I expressed appreciation to the Secretary and I think it helps to forge a very beneficial working relationship between say the armed services committee and our principal cabinet officer, the Secretary of Defense.

Q. Is there a special significance (break in tape) or does it relate to legislation or...

SENATOR WARNER: I would say more to fact finding.

SECRETARY PERRY: We are very conscious of the need to proceed very carefully on developing a military relationship with the Chinese. We're very very conscious of the sensitivity of that and anything we do in this area, we will need to have the support of the Congress in doing it. The executive branch cannot be taking major unilateral actions here. So I thought it was appropriate to take the unusual step of having a few key Congressional people actually along with me on this trip so they can see first hand the

2218

discussions evolving both as a counsel to me and being able to report back to the Congress.

SENATOR WARNER: Historically, Congress has taken a very independent role in the area of relationships between the United States and China.

END OF TRANSCRIPT